

Message From The Executive Director *by Roxanne Minnehan*

Dear Valued Members,

MPERA and the Board are immersed in the legislative session. A lot is happening with retirement. Due to economic conditions, all retirement plans (defined benefit, defined contribution, private and public) across the nation have suffered. Three of the eight pension funds administered by the Montana Public Employee Retirement Administration (MPERA) are not considered actuarially sound, which will require some action during this legislative session.

The Game Wardens' and Peace Officers' (GWPORS), Sheriffs' (SRS), and Public Employees' Retirement Systems (PERS) all fall short of actuarial funding. But what does that mean? To be actuarially sound, a system must have enough funding to cover the full cost of the plan over a scheduled period of no more than 30 years. All debts are not due right now.

The Board is charged with providing a stable retirement foundation for our members while maintaining the actuarial soundness of the retirement plans it administers. We have had to make difficult decisions in preparing legislation to ensure retirement security for all of our members.

MPERA is proposing legislation that will help ensure the stability of the retirement systems. **HB 122** – (the Board's PERS funding bill, see page 2 for details) decreases the retirement benefit for new hires and requires increased contributions for employers and new employees. We understand during these economic times, it's difficult to consider contributing more to retirement plans. But, we believe these proposals address the long-term plan sustainability and ensure a sound retirement benefit for all defined benefit plan members. The Board will continue to annually review the retirement plans' funding levels and make recommendations to the legislature each biennium.

With several draft proposals designed to switch all new hires to a Defined Contribution only plan, we are asking for your support. As members of the retirement systems you are our ambassadors. Please consider lending your voice in support of **HB 122**. Throughout the session, we will keep you informed on legislation impacting the retirement systems through our website and Facebook.

Wishing you a happy and healthy 2011! ♦

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*Should any information in this newsletter
conflict with statute or rule, the statute or
rule will apply.*

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PERB Addresses Funding Shortfalls

The Montana Public Employees' Retirement Board (PERB) is responsible for fiducially administering its retirement plans and trust funds, acting in the best interest of the members and beneficiaries. Based on the actuary's review of our systems, the Game Wardens' and Peace Officers' Retirement System (GWPORS), the Sheriffs' Retirement System (SRS), and the Public Employees' Retirement System (PERS), do not amortize. Because it has a responsibility to ensure the retirement systems are sound, the PERB has submitted three bills to address the projected shortfalls.

HB 134 – Proposes revision to benefits and funding for GWPORS:

- ◆ Increases the time period for determining the highest average monthly compensation used to calculate retirement benefits from 36 to 60 months for new hires.
- ◆ Increases employers' contributions on **all** GWPORS-covered payroll from 9% to 10% beginning July 1, 2011 and then to 11% beginning July 1, 2012.

HB 135 – Proposes revision to benefits and funding for SRS:

- ◆ Increases the time period for determining the highest average monthly compensation used to calculate retirement benefits from 36 to 60 months for new hires.
- ◆ Increases employers' contributions for **all** SRS-covered payroll from 10.115% to 11.115% beginning July 1, 2011 and then to 12.115% beginning July 1, 2012.

HB 122 – Proposes revision to benefits and funding for PERS:

- ◆ Increases the time period for determining the highest average monthly compensation used to calculate retirement benefits from 36 to 60 months for new hires.
- ◆ Increases normal retirement age from age 60 to 65 for new hires.
- ◆ Increases the age of eligibility for early retirement for new hires from age 50 to age 55 with 5 years of membership service.
- ◆ Eliminates normal and early retirement based on years of service for new hires.
- ◆ Increases employees' contributions for new hires from 6.9% to 7.9% starting July 1, 2011 and then to 8.9% beginning July 1, 2012.
- ◆ Increases employers' contributions for **all** PERS-covered payroll from 7.17% to 8.17% beginning July 1, 2011 and then to 9.17% beginning July 1, 2012.

HB 85 – Proposes collection of employer contributions for retirees who return to work.

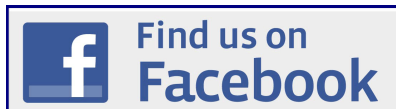
- ◆ Requires employers to pay contributions for the retired members hired to work in PERS, SRS or FURS covered positions.

The PERB also proposed two general housekeeping bills—**HB 119** revises the Volunteer Firefighters Compensation Act and **HB 70** - a general revision bill clarifying existing laws for all retirement plans. Through these efforts, the PERB hopes to meet its fiduciary responsibility by ensuring the stability of the retirement systems and providing secure retirement benefits for all of our members.

There are other bills before the Legislature that may also impact retirement. MPERA is tracking them. You can find their status on our website's bill tracker. Go to <http://mpera.mt.gov/LegislativePage.asp> or check our Facebook page to learn more! ◆

MPERA is now on Facebook! Find out what is happening with retirement legislation and education as soon as we do! You can let us know your thoughts about retirement and connect with other people interested in retirement.

If you already have a Facebook account, you can find us by typing MPERA in the search feature. If you do not have a Facebook account, you can still find us! Just go to our website and click on the Facebook icon. See you there! ◆



Meet The Board

The Public Employees' Retirement Board (PERB) is an independent, seven member board, appointed by the Governor to administer eight retirement systems and the State's Deferred Compensation Plan.



Front Row: Darcy Halpin, Scott Moore, Dianna Porter
Back Row: John Nielsen, Terrence Smith, Timm Twardoski, Patrick McKittrick

Board President John Nielsen is from Glendive and represents Active Public Employees. He was elected board president in March of 2010. His term expires in 2012.

Board Vice-president Terrence Smith is from Bozeman and represents the PERS DCRP Active Public Employees. His term expires in 2014.

Darcy Halpin is from Belgrade and represents PERS retired members. Her term expires in 2013.

Patrick McKittrick is an attorney from Great Falls with investment experience. His term expires in 2014.

Scott Moore is a firefighter from Miles City representing active public employees. His term expires in 2015.

Dianna Porter is a member at large* from Butte. Her term expires in 2013.

Timm Twardoski is also a member at large* from Helena. His term expires in 2016.

* A member at large is a member of the board who is not necessarily an active or retired member of PERS. A member at large represents the public. ♦

MPERA Is Going **GREEN** And You Can Help!

check it out!

These days, saving both money and the environment is a priority for everyone, MPERA included. If you are interested in helping, you can start by opting out of a hard copy of MPERA newsletters! The newsletters are always posted on our website. By signing up for email notifications, you will be notified each time MPERA posts a newsletter, usually several days before it is printed and mailed. The newsletters still have all the retirement information you need, just in electronic format.

Go to our website at <http://mpera.mt.gov/Newsletters.asp> and sign up today. It's fast, safe and free! ♦

Did You Know?

Pensions Benefit Everyone!

Last year, MPERA paid over \$250 million dollars in benefits to retirees. Of the approximately 21,000 retired members of the MPERA-administered defined benefit retirement systems, 89% chose to stay in Montana. Retirees reside in every Montana county.

What does this mean? The money received by retirees goes to **your** cities and counties to help pay taxes and support local businesses. Defined benefit retirement incomes are essential for Montana communities and act as an economic stabilizer. A study conducted by the National Institute for Retirement Security shows that in Montana, retiree spending produces a “multiplier effect” which means that for every \$1.00 of pension benefits paid, \$1.27 of economic activity is created in the state ¹.

Defined benefit pensions provide retirees with a stable income. Knowing they can count on their monthly pension benefit, retirees continue to make purchases and support local businesses, even during times of economic downturn. Retirees with steady income are also significantly less likely to be on welfare or require other types of public assistance.

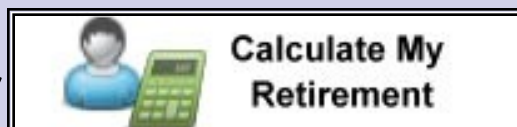
Every month we update our website with the most current numbers showing retirement benefits paid by county. If you are curious as to how much money is coming to your county, go to our website and click on the Pensions Benefit Montana's Economy icon on our home page. ♦

¹National Institute for Retirement Security: Pensionomics: Measuring the Economic Impact of State and Local Pension Plans

MPERA's Online Retirement Benefit Calculator

Do you want to get an idea of what your Defined Benefit retirement benefit will be? Now you can find out in about five minutes by using **MPERA's Retirement Benefit Calculator!** The calculator will walk you through the process. Just go to our website at mpera.mt.gov. Look for the icon below to get started! ♦

Try It Today!



Are You Thinking About Retiring?

If you are a member of the Defined Benefit plan and are considering retiring, here is what you need to know to get started:

- Up to **5 years** before you plan to retire, attend a Steps to Retirement workshop or webinar. This will give you a detailed look at the retirement process and your options. The workshop/webinar schedule is available on our website.
- **6 months** before you plan to retire, contact MPERA for an official retirement estimate. The estimate will give you an approximate amount of your monthly benefit and allow you to plan your retirement accordingly. If you are 62 years or older, make an appointment to visit the Social Security Administration.
- **3 months** before you plan to retire, complete the retirement forms that accompanied your estimate and return them to MPERA.

*** Be sure to file your retirement application with MPERA **30 to 90 days** before your planned retirement date. ***

- **1 month** before you plan to retire, notify your employer and follow up with MPERA.

If you have any questions about the retirement process, please contact our Member Services Bureau. ♦

The MPERA website is <http://mpera.mt.gov/>

Are You Adequately Preparing For Retirement?

By Terrence Smith , PERB Vice President



For the participants in the PERS Defined Contribution Retirement Plan (DCRP), your current contributions, including the employer portion, is 11.09% of your salary. Will this be enough for you to have sufficient savings for retirement?

The question can only be answered with analysis of your total financial picture. Many financial experts estimate that you will need to save between 10% and 35% of your salary. How much you will need to save depends on factors such as your age, income and years to retirement. For the average DCRP participant your current contributions may not be sufficient.

Remember, retirement is made up of a three legged stool consisting of your company retirement plan, social security and your own savings. The state of Montana offers a great way to supplement your retirement savings through a 457 Deferred Compensation Plan. You can begin saving with as little as \$10/month and because the money is deducted from your paycheck before taxes, it hurts a little less. As you receive salary increases, promotions

or when you eliminate some expenses, you can increase your contributions over time. Gradually increasing your contribution is easier to handle. The key is to start small today and increase contributions whenever you can.

If you are not currently enrolled in the 457 plan, please contact Great-West Retirement Services (1-800-981-2786) or visit the MPERA website for a schedule of their workshops. If you are in the 457 plan, consider increasing your contributions today. Managers please encourage your employees to attend the workshops and participate in the 457 plan.

We all procrastinate when it comes to saving for retirement, but the sooner we start the faster that savings grows. No excuses, you need to pay yourself first (start a payroll deduction to your 457) and cut your budget where necessary to prepare for the future. No one else is going to do this for you.

Terrence Smith is serving as the vice-president of the Public Employee Retirement Board. He is the PERS Defined Contribution Retirement Plan Active Public Employee representative. ♦

MPERA Education Staff Can Provide Direct Training For Your Agency!

MPERA provides educational training to its members and employers. But did you know that we can provide on-site or webinar retirement training tailor-made for your agency? For more details contact MPERA education staff at: mperacommunications@mt.gov.

Member training includes:

New Member Plan Choice Workshop for our new PERS members who are in their first year of employment to assist them in making an informed plan choice.

Steps to Retirement Workshop for PERS Defined Benefit Retirement Plan members who are 10 years or less from retirement to help members better understand their retirement options.

Coming Soon: Financial Well Check Workshop for all members to assist with basic retirement planning.

Employer training includes:

Web Reporting, Optional Member and Non-contributing Member Reporting and Correcting Your Reporting

We want to thank all employers for sending our training notices to staff and encouraging their employees to participate in our trainings. For more training information, please visit: mpera.mt.gov. ♦

DCRP Members - Are You Managing Your Account?

For members in the PERS Defined Contribution Retirement Plan (DCRP), your ability to retire depends on many factors, but most importantly, on how you manage your account. By determining your risk-tolerance level and diversifying your assets accordingly, you can more effectively maximize your potential returns. Balancing risk with return potential can help you make the most of your investments and meet your retirement goals. If you are unfamiliar with determining your risk tolerance or diversifying your investments, contact a Great-West Retirement Services representative at: 449-2408 (in Helena) or Toll Free: 1-800-695-4952.

It is also important that you review your account regularly. You can actively manage your account online at mperadplans.gwrs.com. Through this website you can view your balance, balance history, account summary, current allocations as well as redistribute your funds. The website also includes many educational tools to assist you in your retirement planning process.

For additional assistance with your DCRP account, representatives from Great-West Retirement Services are available to discuss investment options and conduct personal account reviews. These services are available to help you make the most of your retirement account.

If you are not sure which plan you belong to, please contact MPERA. ♦

IMPORTANT!

Are Your Beneficiaries Up To Date?

IMPORTANT!

Certain life-changing events such as marriage, children, divorce and death can occur causing you to change your retirement plan beneficiary. Please remember, we are required to honor the last beneficiary we have on file. Not updating your beneficiary can create unnecessary hardships for those who are left behind. For defined **benefit** members, contact your payroll clerk or Human Resources office for a new membership card. PERS Defined **contribution** retirement plan members contact Great-West at (406) 449-2408 or toll-free 1-800-981-2786. ♦

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